



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES  
AGREEMENT TO ACQUIRE CLASS I OFFICE PROPERTY IN MONTREAL**

**Toronto, June 22, 2006** -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement to purchase 400 Atlantic Avenue, a Class I office building located in midtown Montreal. The acquisition is expected to close on or about July 14, 2006, subject to customary conditions.

"This is another good example of our ability to capture value in our target markets," said Michael Emory, President and CEO. "The anticipated yield is attractive, the cost per square foot is low, the building has been very well renovated and retrofitted and the surrounding neighbourhood is undergoing positive transformation."

The property is comprised of 86,034 square feet of GLA and is 93% leased to tenants consistent in character and quality with the REIT's tenant base. It is located on the northern edge of the Plateau Mount Royal District, immediately to the east of the proposed site for the new University of Montreal campus. The purchase price of \$5 million represents a capitalization rate of 9% and a cost of \$58 per square foot of GLA.

The property will be free and clear on closing. The REIT intends to finance the acquisitions by utilizing a portion of the proceeds from a pending mortgage refinancing and by drawing the balance down on its acquisition line of credit.

The REIT has obtained a commitment to upward refinance the first mortgage on 425-439 and 445-455 King Street West, Toronto. The new first mortgage will have a term of 10-years, bear interest at 5.86% per annum and generate upward refinancing proceeds of approximately \$7.9 million.

This press release may contain forward-looking statements with respect to the REIT, its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of the REIT discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transaction contemplated herein is completed. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under "Risk Factors" in the Annual Information Form of the REIT which is available at [www.sedar.com](http://www.sedar.com). The cautionary statements qualify all forward-looking statements attributable to the REIT and persons acting on their behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the parties have no obligation to update such statements.

"Capitalization rate" is not a measure recognized under Canadian generally accepted accounting principles ("GAAP") and does not have standardized meanings prescribed by GAAP. Capitalization rate is presented in this press release because management of the REIT believes that this non-GAAP measure is

relevant in interpreting the purchase price of the property being acquired. Capitalization rate, as computed by the REIT, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to capitalization rate reported by such organizations.

*Allied Properties REIT owns a portfolio of predominantly Class I office properties in downtown Toronto, Montreal and Winnipeg. The objectives of the REIT are to provide stable and growing cash distributions to its unitholders and to maximize unitholder value through the effective management and accretive growth of its portfolio.*

-30-

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

Michael R. Emory  
President and Chief Executive Officer  
416) 977-9002  
memory@alliedpropertiesreit.com